



## **Executive Summary**

### **Legislative Plan for The Survival of America's Small Businesses**

**1. Extend Paycheck Protection program and Make Sure the Smallest Employers Get**

**Help.** Congress should appropriate \$400 billion, of which not less than \$200 billion should be for loans to small businesses with 20 or fewer employees.

**2. Increase flexibility for forgivable loan terms in the Paycheck Protection Program.**

To ensure that small businesses have the flexibility they need to keep their businesses alive to support their employees, Congress should:

- Lengthen the eight-week window for forgiveness. This broadened forgiveness window should be determined by small businesses, as the statute allows.
- Override the Small Business Administration requirement, which was not required by law, that 75% of a PPP loan must be used for payroll costs. Congress should eliminate this restriction unilaterally imposed by the executive branch or should at least reduce the requirement to a more reasonable 50%.
- Expand the maximum loan amount to more than 250% of payroll and include operating expenses. Congress should extend the covered period of the PPP.
- Increase the loan interest rate from 1% to the rate established by the Federal Reserve's Main Street Lending Program for businesses with more than 500 employees.
- Allow for "in good faith" re-hire efforts to satisfy the pre-crisis employee count requirement for loan forgiveness to those employers who have already reduced staff. Many employers will not be able to compete with more generous UI benefits in attracting workers back into the labor market.
- Allow borrowers to use the loan (and loan forgiveness) for those permissible expenses under the Economic Injury Disaster Loan. The EIDL program allows for an expanded list of qualifying working capital expenses compared to the PPP.
- Expand the list of qualifying expenses under the Paycheck Protection Program.

**3. Prohibit Discrimination Against Small Employers in the Paycheck Protection**

**Program.** To eliminate financial institution loan practices of big-customers-first and favored-customers-first in the PPP program, Congress should prohibit discrimination among applicants in the order or speed of processing or granting of loans.

**4. End the Costly COVID-19 Mandates on Small Businesses for Paid Sick Leave and**

**Extended Family and Medical Leave on May 31, 2020,** to lift from small businesses the heavy burden of the cost of new leave mandates when they can least afford them.

5. **Fully Fund the COVID-19 Economic Injury Disaster Loan Program and Improve the Related Grant Program.** Congress should (a) raise from \$10,000 to \$25,000 the maximum allowable emergency advance EID grant, (b) appropriate such sums as may be necessary through December 31, 2020, and (c) require the Small Business Administration (SBA) to report monthly to the Congress and the American people.

6. **Recognize the Limits to the Ability of Small Businesses to Learn of and Comply with Laws and Regulations.** Congress should enact legislation to provide that no penalty shall apply to a small business for violation of a COVID-19 response statute or regulations implementing such statutes, unless the violation was “willful.”

7. **Tapered Transition Out of Programs After COVID-19 No Longer Represents a Significant Threat to Public Health.** Congress should ensure that COVID-19 relief programs for small businesses eventually end in a phased-out fashion, rather than a sudden shutdown, after COVID-19 no longer represents a significant threat to public health. As the economic health of small businesses climbs bit by bit, COVID-19 federal relief to small businesses should go away bit by bit.

8. **Narrowly-tailor Any New Requirements Related to the Reopening to Account for the Realities of Different Industries and Business Sizes:** If ever there was a time for the federal government to avoid “one-size-fits-all” mandates on American businesses it is now. Congress should recognize that all industries and businesses are not the same.

9. **Require Each Agency to Conduct a Regulatory Look-Back Review:** The Regulatory Flexibility Act (RFA) of 1980 requires each agency to develop a plan for the review of its existing rules that have or will have a “significant economic impact on a substantial number of small entities.” Congress should, at a minimum, require each agency that waived regulatory requirements during the crisis to conduct a review of those regulations to determine if they even need to be reinstated.

10. **Statement of Policy from Congress on the Future of Small Businesses.** Prior to the arrival of COVID-19, small businesses accounted for half of the American economy and nearly half of all jobs. America's small businesses eventually will return to, and even exceed, such production of goods, services, and jobs in the future, thanks to the extraordinary entrepreneurs who create, own, operate, and grow small businesses in America and the employees of those businesses. Congress should recognize and encourage them by expressing the sense of Congress.